



# United States Attorney Southern District of Texas

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The Departments of Justice and Health and Human Services have joined forces in designating health care fraud as a national enforcement priority. In response to Attorney General Janet Reno's directive to U.S.

Attorneys and the FBI, we currently have 65 active cases focusing on the investigation and prosecution of fraudulent activity in the health care industry. Ten health care fraud cases have recently been indicted with trials pending.

These investigations are initiated through various means, including *Qui Tam* actions initiated by private individuals. The cases cover all areas of the health care field, and involve home health care agencies, hospital districts, ambulance services, and insurance providers.

Officials of state and federal law enforcement agencies meet on a regular basis with prosecutors to discuss health care fraud matters as members of the Health Care Fraud Working Group. This group keeps abreast of trends in the industry, and shares information on legal issues and investigative procedures. Coordinated investigations and cooperation of responsible practitioners and an informed public are effective means to combat fraud in this vital industry.

I invite you to visit our Web site for additional information of our work and ways to report fraud: [www.usdoj.gov/usao/txs](http://www.usdoj.gov/usao/txs).

## HEALTH CARE FRAUD CASE HIGHLIGHTS

### **Touch of Care Home Health Owner Guilty of Medicare Fraud**

Alice Joy Smith, 65, of Houston pled guilty to laundering proceeds of medicare fraud. Smith along with Kathy and Stan Charnetski were indicted on 29 counts of money laundering and obstruction of an investigation. Smith and the Charnetskis, her daughter and son-in-law, owned Touch of Care Home Health Inc. The trio were charged with using Touch of Care to bill personal expenses to Medicare disguised as legitimate health care expenses. Court records showed that personal expenses included a renovation of Smith's home, new carpeting in the Charnetski homes, vacation trips, and beauty pageant gowns for Smith's granddaughter. In addition, Smith was charged with paying Touch of Care "salaries" totaling \$143,000 to her grandchildren, despite the fact that neither ever worked for Touch of Care. Smith faces 20 years and a fine of \$500,000. She will also forfeit to the Government funds from Lone Star Bank containing approximately \$7,000, funds from Prime Bank account containing approximately \$105,000, all rights title and interest in Welfare Benefit and Deferred Compensation Plans in the name of Touch of Care Home Health Agency worth approximately \$40,000, and residential property which netted \$75,000. AUSA: Al Balboni; AGENCY: HHS-OIG & FBI.

### **TMM Medical Group and Total Medical Mgmt. at Center of Health Care Fraud Indictment.**

A Houston woman was indicted in a twenty-three count indictment alleging healthcare fraud, money laundering, social security number misuses and criminal forfeiture. The indictment stems from allegations that the defendant used two entities, TMM Medical Group and Total Medical Management, to submit false payment claims to Medicare and Medicaid. According to the

indictment, over \$12 million dollars in claims were submitted to Medicare and Medicaid from 1997 to 1999. ASUA: Don Calvert; AGENCY: HHS- OIG & FBI.

### **Medicare Fraud Case Set for Trial.**

Four officers of Affiliated Professional Home Health (APRO) in Houston, Beaumont and Texas City were charged in a 32-count indictment alleging that they engaged in a scheme to defraud the Medicare program from 1993 to 1998. According to the indictment, defendants are alleged to have paid kickbacks, structured currency transactions, and further laundered the funds gained during the scheme. According to the indictment, defendants submitted annual cost reports for APRO, a home health care agency, to Medicare which contained costs which were not allowable under Medicare regulations. A jury trial is scheduled to begin on September 11, 2000, before U. S. District Judge Ewing Werlien, Jr. AUSA: Nancy Cook and Michael Schwartz; AGENCY: HHS-OIG, IRS and FBI.

### **ASAP Named in Health Care Fraud Indictment**

An indictment filed in April charged a Houston woman, doing business as ASAP, with defrauding the Medicaid program. The indictment alleges that from approximately August 1997 through June 1998, ASAP was enrolled as a chemical dependency treatment facility with the Texas Medicaid Program and electronically submitted false and misleading claims of over \$200,000 to the NHIC for reimbursement for group and individual counseling. According to the indictment, the children whom the defendant purportedly counseled for chemical dependency were not chemically dependent. AUSA: Don Calvert; AGENCY HHS-OIG & FBI.

### **Seven Harris and Ft. Bend County Residents to be Tried in May for Health Care Fraud**

Seven individuals indicted on health care fraud charges will stand trial late May. The trial is based on the accusation that the principal defendant, and six co-defendants, some of them family members, devised a scheme to defraud Medicaid. The scheme, according to the charges, involved setting up a physical therapy clinic with mainly unlicensed individuals providing care to the patients. Medicare was billed as if the services rendered were being provided by a licensed physician.

The indictment alleges that the defendants furnished documentation to Medicare stating the cooperating physician was one of the doctors providing care at the clinic. Allegedly, none of the patients listed on the claims had ever met the physician. AUSA: Don Calvert; AGENCY: HHS/OIG & FBI.

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## **SENTENCING**

**Sentencing in federal court is based on guidelines established by the U.S. Sentencing Commission. The guidelines ensure consistency in sentences throughout the national court system. Defendants typically serve at least 85 percent of prison terms imposed. There is no parole in the federal criminal justice system. In addition to fines, federal judges impose special assessments which defendants are required to pay into a fund for crime victims assistance.**

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### **Laredo Drug Kingpin Sentenced to Life.**

Ernesto Alonzo Ramirez, 22, of Laredo was sentenced to life in prison by U. S. District Judge John D. Rainey. Defendant was convicted of Continuing Criminal Enterprise (the Kingpin statute) and Money Laundering. Operation Aguacate was multi-agency Organized Crime Drug Enforcement Task Force (OCDETF) investigation targeting the narcotics and money laundering activities of Ernesto Alonzo Ramirez and his organization.

After a two year investigation, Ramirez and 23 others were charged in a sixteen count indictment charging CCE, money laundering and drug trafficking. The organization transported marihuana and cocaine from Laredo to Toledo, Ohio utilizing privately owned automobiles, Greyhound buses, UPS, Federal Express, and Airborne Express. Drugs were routinely packaged in sealed packages or acetylene tanks and transported to Ohio. Drug proceeds were then driven back to Laredo or wired utilizing Western Union Money Transfer. More than \$700,000.00 were wired through Western Union.

The life sentence was imposed after the May 29, 1998 murder of Aubrey Baker Jr., whose body was discovered at the intersection of Canal and San Francisco Streets in Laredo. The FBI and the Laredo Police Department, who

joined the investigation after the murder of Baker, continue to investigate the murder in an effort to identify the other persons involved in the homicide. To date, 21 other defendants have been convicted by trial or plea and sentenced to terms ranging from 2 years to 20 years. One fugitive remains in the case. AUSA: José Angel Moreno; AGENCY: DEA, U. S. Customs Service, IRS-CID, & Laredo Multi-Agency Narcotics Task Force.

### **Bank Robber to Serve 39 Years, and To Give the Money Back to the Bank.**

Latreed Gayland Jackson, 19, was sentenced to 39 years by U.S. District Judge Lee Rosenthal for his part in the armed robbery of Compass Bank in Houston and the First National Bank of Rosenberg/Sugar Land. The sentence reflects the additional penalty of using a firearm in a violent crime. Earlier this year, co-defendant Marcellus Arterberry, 25, was sentenced to 46 years, Aron Derel Hood, 25, received 41 years and Rennald Demyon LeBlanc, 23, received 11 years. All four of the bank robbers were ordered to pay restitution in the amount of \$43,505. AUSA: Daniel Rodriguez; AGENCY: Houston Area Bank Robbery Task Force.

### **Corpus Christi Drug Trafficker Gets 27 Years.**

Eli Ramirez, 46, of Corpus Christi was sentenced by U. S. District Judge Melinda Harmon to 27 years for drug trafficking and money laundering. Late in 1996 Ramirez, the leader of a drug trafficking enterprise, was indicted with 78 members of the Moreno-Riojas drug trafficking organization based out of Starr County, in the Rio Grande Valley region of Texas. Ramirez oversaw the distribution and transportation of marijuana to Houston bound for other states. Electronic surveillance at the residence of one of the kingpins led law enforcement officers to the organization's storage site in Damon, Texas, where the marijuana was stored prior to distribution. AUSA Judy Lombardino; AGENCY: Organized Crime Drug Enforcement Task Force (OCDEF), IRS, DEA, Harris County Sheriff, HPD, DPS-Narcotics Div.

### **Houston Man Gets 33 Months for Possession of Unregistered Sawed-Off Shotgun.**

U. S. District Judge Vanessa Gilmore ordered Rafael Gonzalez-Garcia, 25, of Houston to serve 33 months and pay a \$1,000 fine for unlawful possession

of an unregistered sawed-off shotgun. A Houston Police Officer found the gun, shells, and a police raid jacket in defendant's car after a routine traffic stop. AUSA: Richard Harris, AGENCY: ATF & HPD.

### **Former Travel Agent Sentenced For Selling Airline Tickets Printed on Stolen Ticket Stock.**

U.S. District Judge David Hittner sentenced Rajan Chuganey to 30 months and ordered him to pay approximately \$30,000 in restitution. Chuganey pled guilty on December 1<sup>st</sup> to wire fraud. Chuganey, a former travel agent, admitted knowingly selling airline tickets that had been printed on stolen ticket stock. AUSA: Attorney John Lewis; AGENCY: FBI.

### **Brownsville Man Smuggling Freon.**

Juan Lopez, 26, of Brownsville received two years probation, and fined \$1,000 for smuggling 60 twelve-ounce cans of Mexican-made Freon. U.S. Customs inspectors found the 60 cans hidden in the spare tire well in the trunk of the car. The United States is a party to the Montreal Protocol, a treaty among more than 160 countries originally adopted in 1987 to phase-out the production and consumption of ozone-depleting substances such as dichlorodifluoromethane. The domestic production and importation of R-12 has been banned in the United States since January 1996, except in limited circumstances where EPA may grant an allowance to produce or import R-12 for essential uses specified in EPA regulations published under the Clean Air Act. AUSA: John Emerson; AGENCIES: U. S. Customs & EPA.

### **Two Houston Men Sentenced for Bank Fraud.**

Max Glen McCauley, 40, and Mohamed Chendeka, 31, were sentenced after a jury found them guilty of conspiracy to commit bank fraud and related charges. McCauley received thirty-three months and fined \$3,000. Chendeka was sentenced to two years. AUSA: John Braddock; AGENCY: FBI.

### **Woman Sentenced for Fraud Against the Federal Management Agency (FEMA).**

Sarah Elizabeth Bounds, 56, of Cleveland, Texas was sentenced to 18 months and a fine of \$156,520 for fraud against FEMA. The indictment alleges that she owned and resided at a home that was damaged by the flood, when she did not. Bounds submitted false claims to

FEMA after the flooding of the San Jacinto River in October of 1994 in order to receive disaster relief funds. AUSA: Cynthia DeGabrielle; AGENCY: FEMA & Office of Inspector General.

### **Bizarre Kidnapping of Baby Nets 4 Years.**

San Juanita Lopez, 25, of Laredo was sentenced to four years by Chief U.S. District Judge Kazen after she was convicted of kidnapping and transporting an infant in foreign commerce. Lopez admitted that she asked the infant's mother in Nuevo Laredo, Mexico, if she could borrow her son for a few hours while she crossed into the U.S. to pick up some paperwork from the Consulate in Laredo. Lopez traveled instead to the Webb County jail where she showed the child to inmate Juan Perez-Salazar, her paramour, as their baby. Believing that the child was his, Perez told Lopez to take the infant to his family's residence in Mexico.

Meanwhile, an intense search and investigative effort began in both Mexico and South Texas when the child's parents reported the kidnapping. Lopez left the baby with the Perez family who believed him to be their grandson. Lopez then returned to the jail to visit Perez. Coincidentally, Lopez's estranged husband was at the jail to supply authorities with her photograph. Not wanting to disclose her relationship with Perez, Lopez told her husband that she had come to the jail to turn herself in for kidnapping the baby. Deputies standing nearby overheard this admission and notified the FBI. AUSA: Dixie Morrow; AGENCY: FBI & Webb County Sheriff.

### **Weed & Seed Auto Theft Ring Defendant Sentenced.**

From 1994 to 1999, Cindy Jinez, 24, of Houston, and at least nineteen other people conspired to steal motor vehicles in the New York City metropolitan area and transport them to Houston. The conspirators used fraudulent titles from New York, New Jersey, and Pennsylvania and counterfeited vehicle identification numbers. Federal investigation was initiated through Operation Weed and Seed since the auto theft ring operated out of the Gulfton neighborhood of Houston, a designated Weed and Seed site. Jinez was found guilty of three counts of interstate transportation of stolen motor vehicles. U. S. District Judge David Hittner sentenced her to 14 months and a \$1,000 fine. AUSA: Richard Harris; AGENCIES:

HPD Auto Theft Division & NYPD Auto Theft Task Force.

## **IMMIGRATION**

**People charged with the Federal crime of illegal reentry after deportation are convicted felons, usually with long histories of violent crime, drugs, and prior deportations.**

### **Repeat Offender to Spend Time in Federal Penitentiary Before Deportation.**

Oscar Hernan-Arroyo, a 23-year-old Mexican citizen had been deported from the U.S. on two occasions, once following a felony conviction for possession of cocaine and a second time after being convicted for selling counterfeit alien registration cards and social security cards to HPD officers. Hernan was back in the U.S. when he was arrested again as he attempted to sell counterfeit alien registration cards and social security cards to an undercover INS special agent. Hernan pled guilty to trafficking in counterfeit U.S. documents and illegally entering the U.S. He was sentenced by U.S. District Judge Ewing Werlein, Jr. to 6 and one-half years. AUSA: Judi Lombardino; AGENCY: INS.

### **The following cases of reentry-after-deportation were sentenced in April. AUSA: Doug Davis; AGENCY: INS.**

**Enrique Mendoza-Gil**, 29, a citizen of Mexico, was sentenced to 96 months. The defendant has prior convictions for cocaine and marijuana trafficking, theft, and unlawfully carrying and possessing a firearm.

**Eugenio Luevano-Vela**, 40, a citizen of Mexico, was sentenced to 78 months. The defendant has prior convictions for unauthorized use of a motor vehicle, illegal entry into the U. S., assault, theft, driving with license suspended, DWI and possession of marijuana.

**Juan Carlos Reyes-Pedraza**, 25, a citizen of Mexico, was sentenced to 77 months. The defendant has prior convictions for assault, grand larceny, resisting and evading arrest, theft, possession of crack cocaine,

unauthorized use of a motor vehicle, and failure to identify as fugitive from justice.

**Martin Fraga-Araigo**, 43, a citizen of Mexico, was sentenced to 71 months, with six prior DWI convictions and one conviction for possession of cocaine.

**Juan Villasana-Galnares**, 49, a citizen of Mexico, was sentenced to 46 months, with prior convictions for attempted rape, aggravated sexual assault of a child, discharge of a firearm, disorderly conduct and criminal mischief.

**Jhonni Osvaldo Galvez-Venegas**, 21, a citizen of Honduras, was sentenced to 41 months, with prior convictions for aggravated assault with a deadly weapon and public intoxication.

**Rogelio Gomez-Rosales**, 25, a citizen of Mexico, was sentenced to 24 months, with a prior conviction for forgery of a government instrument.

**Esteban Sanchez-Barilla**, 28, a citizen of Mexico, was sentenced to 46 months, with a prior conviction for forgery of a government instrument.

**Carlos Arturo Rangel-Olvera**, 43, a citizen of Mexico, was sentenced to 30 months, with a prior convictions for assault, possession of cocaine, evading detention and theft.

## DISPOSITIONS

**The following cases reached disposition in April, through entry of a guilty plea or jury verdict.**

### Jury Convicts Car Jacker.

Luis Palomo, 19, of Mercedes was convicted by a federal jury in Corpus Christi of car jacking. Palomo was indicted in July, along with his cousin, Israel Magana, on federal car jacking charges. Magana pled guilty and was sentenced to 46 months. Evidence showed that Palomo and Magana hired a taxi in

Hidalgo, Texas. Once in the cab, Magana grabbed the driver while Palomo repeatedly struck the driver in the face. Palomo and Magana took the cab driver's money and cellular phone, and ordered him out of the vehicle. Palomo faces up to twenty five years in prison and a \$250,000 fine. AUSA: Luis Martinez; AGENCY: FBI Safe Streets Task Force, Mercedes PD, and the Hidalgo Co. Sheriff's Office.

### Louisiana Man Convicted of Child Pornography.

William Roberts, 48, of Natchitoches, LA, was convicted of interstate transportation of child pornography and possession of child pornography. These charges stemmed from an investigation by the U.S. Customs Service which resulted in the arrest of Mr. Roberts in July 1999. He faces up to 30 years and a fine of \$500,000 when he is sentenced by U.S.

District Judge Lee Rosenthal. AUSA: Daniel Rodriguez; AGENCY: U.S. Customs Service.

### Texas Exile

#### Eleven Houston-Area Men Face Federal Firearms Charges through cooperative State-Federal enforcement efforts.

Two men were charged with unlawfully selling a sawed-off shotgun to an undercover ATF Special Agent.

A 25-year-old man was charged with unlawfully possessing a .38 caliber revolver after being convicted of a felony offense. HPD officers stopped him for a traffic violation and discovered he was carrying the revolver.

A 62-year-old was charged with unlawfully possessing a .357 revolver; a 12 gauge shotgun; a U.S. Carbine, a .30 caliber rifle, and .30-30 caliber rifle.

A Houston man was charged in a two-count indictment with unlawfully possessing firearms on two separate occasions. He pawned a 9 mm pistol at Cash America Pawn, and a 9 mm semi-automatic pistol on another occasion.

A 19-year-old was charged with unlawfully possessing a .20 gauge sawed-off shotgun while officers were conducting a narcotics investigation at a hotel.

A 23-year-old fugitive was charged with unlawfully possessing a revolver he was hiding in his pants.

A Bryan man was charged in a two-count indictment for possessing a .30-30 caliber rifle after he had been convicted of a domestic violence offense, and for

providing false information on a Federal firearms form when he purchased the rifle.

A 53-year-old was charged in a two-count indictment for unlawfully pawning a .38 caliber revolver at Diamond Pawn here in Houston, and for submitting a false statement on an ATF form when he attempted to take the firearm out of pawn.

A 23-year-old was charged as a felon who possessed and sold a MAK 90 rifle to an undercover ATF Special Agent; and another Houston man was charged with unlawfully possessing a Leniad, .380 caliber pistol.

If convicted, each defendant faces a term of up to ten years imprisonment on each count charged, and a fine of up to \$250,000 per count. AUSA: Abe Martinez; AGENCY: ATF, HPD & DPS.

#### **Texas Exile -Illegal Alien in Possession of a Firearm.**

**Adalino Cruz-Sanchez**, 18, a citizen of Mexico, pled guilty before U.S. District Judge Nancy Atlas for the unlawful possession of a firearm. Cruz was in the U.S. illegally. He was charged with the firearms offense when a Texas DPS trooper stopped him for speeding and found him in possession of a 9 mm pistol. AUSA: Abe Martinez; AGENCY: Texas DPS & ATF.

#### **Texas Exile - Felon in Possession of Firearm.**

**Christopher Brown**, 25, of Houston was arrested in February. When he was transported to the Harris County Jail, a booking deputy searched and found a .357 magnum revolver tucked inside a back brace of his pants. Brown pled guilty to a felon-in-possession-of-a-firearm charge. Brown faces a possible 10-year prison term when sentenced before U. S. District Judge Vanessa Gilmore in September. AUSA: Richard Harris; AGENCY: ATF & Harris Co. Sheriff's Office.

#### **Illegal Sewage Dumping in San Jacinto River.**

Gary Wallace, 48, of New Caney, Texas, pled guilty to a clean water violation involving the un-permitted dumping of sewage into the San Jacinto River which empties into Lake Houston where the City of Houston obtains a substantial amount of its drinking water. Wallace owns E. Henderson Grease and Septic Company and is in the sewage removal and transportation business. Sentencing is set for July 7,

2000, before U.S. District Judge Melinda Harmon. U.S. Attorney Mosbacher commended this effort as an example of State and Federal agencies working together for a better environment. AUSA: Joe Magliolo & John Emerson; AGENCY: Texas Environmental Enforcement Task Force, TNRCC, EPA-CID, and Texas Parks and Wildlife.

#### **Bank Robbers Plead Guilty.**

Lonnie Manning, 21, Rodney Falls, 21, and Damien Knowles, 21, all of Harris County, pled guilty to an indictment which charges each of them with one count of conspiracy to commit bank robbery and one count of bank robbery. The indictment charges that on December 21, 1999, the three defendants robbed the Guaranty Federal Bank. The defendants took a total of \$10,501 during the robbery. They are facing a total of up to 25 years in prison and a \$500,000 fine for their efforts. AUSA: Julie Stern; AGENCY: FBI, HPD and Harris Co. Sheriff's Department.

#### **Transporting and Harboring Guatemalans.**

Mario Duarte-Duarte pled guilty before U.S. District Judge Kenneth Hoyt to conspiracy to transport and harbor undocumented aliens within the U.S. In January INS Agents acting on information received from the Border Patrol in Harlingen found that Duarte was assisting others in smuggling undocumented aliens from Guatemala into the United States. The defendant will be sentenced by Judge Hoyt on July 17, 2000. Duarte faces up to a ten year prison term and a fine of up to \$250,000. AUSA: Douglas Davis; AGENCY: INS.

#### **Photographer Guilty of False Tax Returns.**

Richard Higgins, Jr., 48, of Pasadena, pled guilty to filing a false tax return. Higgins admitted that he failed to report \$106,000 from his business, Higgins Photography to the IRS. Higgins avoided over \$32,000 in taxes. He will be sentenced July 13<sup>th</sup> and faces up to five years and \$250,000 fine. AUSA: Albert Balboni; AGENCY: IRS.

#### **New Cases—April 2000**

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**Cases are initiated in Federal District Court through grand jury indictment or criminal information.**

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**Nine Charged in Staged-Accident Scheme.**

A grand jury returned an indictment against nine family members on charges that they orchestrated a scheme to defraud various insurance companies through claims arising from staged automobile accidents. The scheme, as outlined in the indictment, involved submitting insurance claims documenting medical histories for treatment of non-existent or exaggerated injuries allegedly suffered by accident participants.

According to the indictment, the treatment of patients was handled at medical clinics set up by defendants. The indictment charges that defendants recruited chiropractors and medical staff to treat the patients referred by runners who helped set up the staged accidents. The defendants are also charged with recruiting an attorney and leasing a law office in order to handle the fraudulent settlements with insurance companies including State Farm, Allstate, and GEICO.

Of the twenty-two automobile accidents identified in the indictment, twelve involved family members as participants in the accident. The indictment also charged five family members with money laundering conspiracy and money laundering related offenses.

The indictment charged that the defendants set up a fictitious check-cashing business, LH Investments, as a repository for the fraudulent insurance settlement checks. Subsequent withdrawals in amounts less than \$10,000 were used to keep the scheme in operation and to purchase a family residence. Forfeiture of the residence and over \$1.9 million in cash is also charged in the indictment.

The defendants face up to five years and \$250,000 fine on each mail fraud charge and twenty years and \$500,000 fine on each money laundering charge. AUSA: Edward Gallagher & Jennifer Shasky, Organized Crime and Racketeering Section.; AGENCY: IRS-CID & U.S. Postal Service.

**Texans Accused of Illegal Trade with Libya.**

Two men, one from New Braunfels, the other of Houston, were charged with unauthorized trade with Libya. The indictment alleges that the men used Thane-Coat, their company in Houston, to send over 3

million liters of pipe coating, valued in excess of \$28 million to Libya from 1993 to 1996. The indictment alleges that the defendants incorporated three companies in the Bahamas TIC, Limited; Tam; and Eshbach, to circumvent the United States trade embargo with Libya and used bank accounts at Barclays Bank in the Bahamas to launder approximately \$8 million in proceeds derived from their illegal trade with Libya. The indictment alleges that the men supplied the pipe coating to a Korean company for use in the Great Man-Made River Project in Libya.

Each count of money laundering to forward the unauthorized trade with Libya carries a maximum prison sentence of 20 years. Each count of money laundering and each count of unauthorized trade with Libya carries a maximum prison sentence of 10 years. AUSA: Richard Berry; AGENCY: U.S. Customs & Dept. of Commerce.

**Man Accused of Defrauding Merrill Lynch.**

A Houston man was charged with defrauding Merrill Lynch in an indictment that alleges that the brokerage firm mistakenly transferred \$99,000 to the defendant's corporate account. The alleged fraud involved a scheme in which the defendant sought to unjustly enrich himself with this money. He faces up to five years and a fine of \$250,000. AUSA: John Lewis; AGENCY: FBI.

**Income Tax Refund Scheme Charged.**

A former City of Houston employee and a salesman were indicted for filing false claims for income tax refunds. The indictment alleges the defendants conspired with one another to file 18 fraudulent claims. One defendant prepared the fictitious W-2 forms and tax returns using information obtained from individuals solicited by the second defendant. Each faces up to 10 years in prison and fines of \$250,000. AUSA: Al Balboni; AGENCY: IRS.

**Forgery of U.S. Treasury Check.**

A Houston man was charged with forging and endorsing a U.S. Treasury check. The grand jury indictment alleges the defendant forged the endorsement on a \$2,631 U.S. Treasury check that was payable to another person. AUSA: John Lewis; AGENCY: U.S. Secret Service & U.S. Postal Inspectors.

**Two Charged in Fraud on Continental Airlines.**

Two men were indicted for a scheme involving fraud and kickbacks concerning third party contracts let by



Continental Airlines in Houston. The indictment outlines a scheme of orchestrated kickbacks and third party vendor contracts with Continental Airlines. Defendants could be required to make restitution of about \$800,000. AUSA: John Wagner & Mike Schwartz; AGENCY: HPD, IRS & FBI.

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**Organized Crime Drug Enforcement Task Force (OCDETF) is one of the oldest and most successful working group of local, state and Federal investigative agencies whose mission is to dismantle major drug organizations. Houston is headquarters for the Southwest OCDETF region which includes the Texas, Arizona, New Mexico, and California border.**

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defendants were arrested by officers and federal agents of the Organized Crime Drug Enforcement Task Force. The leaders of the drug conspiracy face up to 40 years and up to a \$2 million fine. The other defendants face up to 20 years and up to a \$1 million fine. AUSA: Timothy Hammer; AGENCY: Victoria PD, Victoria Co. Sheriff; DPS, USMS, FBI & DEA.

**Seven in Multi-National Cocaine Ring Indicted.**

Seven individuals were charged as participants in a multi-national drug conspiracy. The indictment charges the defendants with distribution of cocaine from September 1999 to March 2000. Federal agents have seized approximately \$2.5 million as part of this OCDETF investigation. Others are charged with money laundering. For the drug charges, each of the defendants faces ten years to life and fines from \$250,000 to \$4 million.. AUSA: Mark McIntyre; AGENCY: DEA & U.S. Customs.

**Operation Los Hermanos Busts Meth Lab.**

One woman and three men, all of Corpus Christi, were indicted for drug trafficking and money laundering. In addition, agents seized sixty pounds of methamphetamines as they shut down a significant drug trafficking organization operating in Corpus Christi. The arrests followed an OCDETF investigation of the organization.

If convicted of Conspiracy to Possess and Intent to Distribute Controlled Substance each of the subjects faces up to 20 years and a fine of \$500,000 or double the amount of money laundered.

**Sylvester Maldonado also known as "Silver", 39, DOB 1/20/61; height 6'1", weight 290, and brown hair of Corpus Christi remains a wanted fugitive.**

AUSA: Patti Hubert Booth; AGENCY: FBI, DEA, U. S. Customs Service, INS, IRS-CID, Texas DPS, South Texas Specialized Crimes and Narcotics Task Force, Nueces County Sheriff's Department, and Corpus Christi PD.

**Nine Victoria Residents Charged With Crack Cocaine Distribution.**

Nine Victoria residents were indicted for their involvement in the distribution of crack cocaine in Victoria as a result of an OCDETF investigation. The



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## PUBLIC SAFETY INITIATIVES

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### **Attorney General Janet Reno Visits Houston Area Schools and Announces Guide for Preventing School Violence.**

Attorney General Janet Reno visited two Houston High Schools and the Thurgood Marshall School of Law on April 28, 2000. The Attorney General spoke with students about safe schools programs, and released an action guide to help communities prevent school violence. The guide was jointly developed by the Departments of Justice and Education. A copy of the booklet: *Safeguarding Our Children: An Action Guide* is available on the Department of Education's Web site at

<http://www.ed.gov/offices/OSERS/OSEP/ActionGuide>.

### **LECC Meeting of U.S. and Mexican Law Enforcement Officials Discusses Mutual Issues.**

United States Attorney Mosbacher has met with law enforcement executives throughout the district in preparation of a strategic plan for law enforcement. Follow-up meetings have also been held in several locations to discuss specific issues. One of these meetings in Weslaco was co-sponsored by the U.S. Border Patrol, McAllen Sector. Approximately 90 consular officials and federal, state and local law enforcement officials from Mexico and the Rio Grande Valley met to discuss issues that affect all law enforcement in the border area. Additional meetings are planned to discuss procedures on fugitives, firearm tracing and other issues.

### **Weed & Seed Neighborhood Cleanup.**

On May 6<sup>th</sup>, area residents from the Gulfton Community participated in a cleanup sponsored by Keep Houston Beautiful, Operation Weed and Seed, The U. S. Attorney's Office, the Mayor's Anti-Gang Office, City of Houston Parks and Recreation, Gulfton Community Youth Development and the Gulfton Police Store Front.

The Weed & Seed Program in Gulfton works because it provides the kind of strong community leadership needed to build ownership in the neighborhood.

**Community Policing in Schools -- Follow-up.**

Plans are being finalized for a district wide Community Oriented Policing training schedule for June, July and August. Seminars will include train-the-trainer courses, collaborative problem solving, performance evaluation and presentations by Dr. Bernie James and Mr. Tim Crowe. These presentations and topics were requested as a follow-up to the Campus-Based Community Oriented Policing Conference held in Houston in March. Funding for these seminars is provided through the district's LECC COPS training grant.

**CIVIL LITIGATIONS****Dismissal of Awol Employee Upheld.**

*Petrillo v Secretary of Veterans Affairs* was tried before a jury in April. Petrillo, an electrician at the VA Medical Center in Houston, was fired after he failed to show up for work for an extended period of time. He sued under the Rehabilitation Act for reinstatement and damages. After Plaintiff rested his case, U.S. District Judge Kenneth Hoyt granted the Government's motion for a directed verdict because the VA had a legitimate, nondiscriminatory reason for termination. AUSA: Michael Wynne and John Kinchen; AGENCY: VA.

**Claim of Government Responsibility in "Pseudo Cop" Raid Dismissed.**

Maria Cisneros filed a suit in Brownsville against the Government alleging that FBI and INS employees conspired to deprive her of her constitutional rights. Cisneros' claims stemmed from a raid by persons who pretended to be law enforcement officers. U.S. District Judge Filemon Vela granted the Government's motion to dismiss this case. AUSA: Nancy Masso; AGENCY: INS & FBI.

**Medical Malpractice Cases Settled.**

In April, two medical malpractice cases were settled on terms favorable to all concerned. One case involved the loss of a kidney where it was alleged that the VA removed a patient's kidney with a benign cyst. The other case involved claims associated with the

amputation of a patient's leg after complications from knee replacement surgery at the VA hospital. In each instance a fair and just settlement to compensate the families was reached.

These cases fairly represent the medical malpractice claims litigated by our office. AUSA: Brad Howard & Kurt Didier; AGENCY: VA.

**The Southern District of Texas  
Comprises Seven Divisions:**

The Southern District of Texas includes seven judicial divisions for U.S. District court. In addition to the Houston headquarters office, the U.S. Attorney's Office has four Branch offices

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## Who to Call to Report a Crime

The following is a list of persons and/or organizations to contact, if you have a crime to report.

TYPE OF CRIME	WHO TO CONTACT
Hate Crimes Public Corruption Bank and Financial Institution Fraud Civil Rights Abuses Computer Crimes Telemarketing Fraud Terrorism	<i>FBI Houston</i> <i><a href="http://www.fbi.gov/contact/fo/ho/houston.htm">www.fbi.gov/contact/fo/ho/houston.htm</a></i> <i>FBI Houston 713/693-5000</i> <i>FBI Brownsville: 956/546-6922</i> <i>FBI Corpus Christi: 361/883-8671</i> <i>FBI Laredo: 956/732-4021</i> <i>FBI McAllen: 956/686-3761</i>

Child Pornography Consumer Fraud	<i>FBI Houston</i> <i><a href="http://www.fbi.gov/contact/fo/ho/houston.htm">www.fbi.gov/contact/fo/ho/houston.htm</a></i> <i>Postal Inspection Service</i> <i><a href="http://www.usps.gov/websites/depart/inspect/">www.usps.gov/websites/depart/inspect/</a></i>
Counterfeiting	<i>Secret Service</i> <i><a href="http://www.ustreas.gov/usss/">www.ustreas.gov/usss/</a></i> <i>Secret Service - Houston: 713/868-2299</i>
Environmental Crime	<i>EPA</i> <i><a href="http://www.epa.gov/">www.epa.gov/</a></i>
Firearms, Explosives and Arson	<i>ATF</i> <i><a href="http://www.atf.treas.gov/contact/index.htm">www.atf.treas.gov/contact/index.htm</a></i> <i>800 ATF GUNS</i> <i>Corpus Christi / Victoria 361/888-3392</i> <i>Brownsville/McAllen/Laredo 956/687-5207</i>
Immigration Crime	<i>INS Enforcement Hot Line -- 888/662-5499</i> <i>Immigration and Naturalization Service</i> <i><a href="http://www.ins.usdoj.gov/graphics/fieldoffices/houston/index.htm">www.ins.usdoj.gov/graphics/fieldoffices/houston/index.htm</a></i> <i>Harlingen</i> <i><a href="http://www.ins.usdoj.gov/graphics/fieldoffices/harlingen/index.htm">www.ins.usdoj.gov/graphics/fieldoffices/harlingen/index.htm</a></i>
Medicare Fraud and Private Insurance Health Care Fraud	<i>Health &amp; Human Service</i> <i><a href="http://www.dhhs.gov/progorg/oei/hotline/hhshot.html">http://www.dhhs.gov/progorg/oei/hotline/hhshot.html</a></i>
Narcotics	<i>DEA</i> <i><a href="http://www.usdoj.gov/dea/">www.usdoj.gov/dea/</a></i>  <i>Texas Narcotics Control Program</i> <i><a href="http://www.tncp.org/">www.tncp.org/</a></i> <i>Harris County Organized Crimes &amp; Narcotics Task Force - 713/450-5505</i>
Passport and Visa Fraud	<i>Dept. of State, Bureau Diplomatic Security</i> <i><a href="http://www.state.gov">www.state.gov</a></i> <i>Houston Field Office 713/209-3482</i>
Public Housing / Public-Assisted Housing	<i>Fraud: Michael_Kepler@hud.gov</i> <i>Violent Crime / Houston: Steve_Romero@hud.gov</i> <i>Violent Crime / Outside Houston:</i> <i>David_B_Pileggi@hud.gov</i>

Tax Fraud	<b><u>IRS</u></b> <i>www.treas.gov/irs/ci/</i>
Threats Against U.S. Presidents & Others	<i>Secret Service - Houston: 713/868-2299</i>
Union Crime	<i>Dept of Labor, Office of Labor Racketeering</i> <i>www.oig.dol.gov/</i>

For updates on this page and more information about federal law enforcement see our web page at:  
[www.usdoj.gov/usao/txs](http://www.usdoj.gov/usao/txs).

**FOR MORE INFORMATION****CONTACT:**

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